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**FOR IMMEDIATE RELEASE**

**Local commercial payment performance slips in Q1 2014 as economic growth decelerates**

*-Singapore Commercial Credit Bureau*

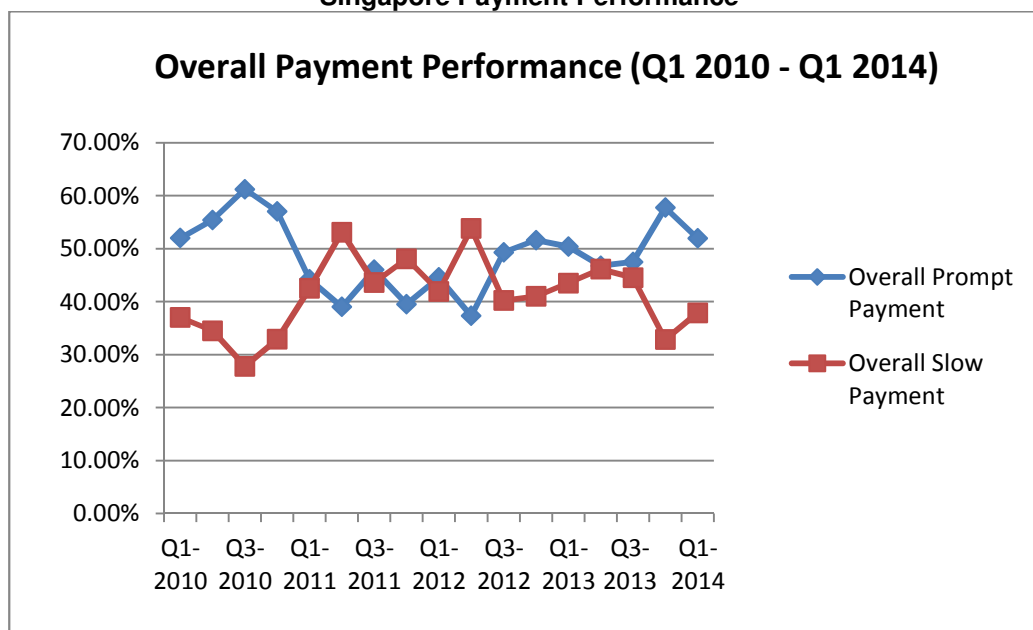
**Singapore, 02 June 2014** – Following a 3-year record low in payment delays in Q4 2013, local payment performance has experienced a slight decline in Q1 2014. Despite a reverse in the uptrend from the preceding quarter, prompt payments are still well above 50 per cent, which marks the second highest prompt payments made in 3 years in Q1 2011. The weaker showing comes amid a moderation in local economic growth. According to the Ministry of Trade and Industry (MTI), local economic growth decelerated from 6.9 per cent in Q4 2013 to 2.3 per cent in Q1 2014 on a quarter-on-quarter (q-o-q) seasonally adjusted annualized basis.

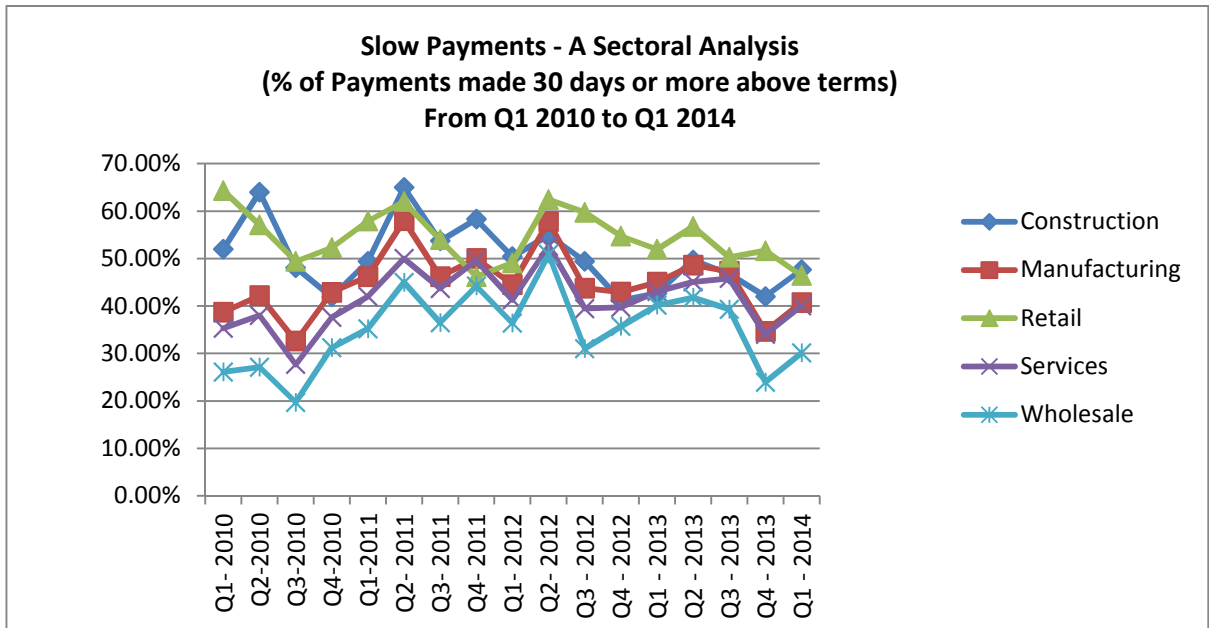
According to Singapore Commercial Credit Bureau (SCCB)'s latest payment trend analysis, prompt payments have declined sharply by 5.81 percentage points quarter-on-quarter (q-o-q) from 57.73 per cent to 51.92 per cent. This marks the first decline since Q2 2013 when prompt payments fell below the 50 per cent mark at 46.77 per cent. However, a year-on-year (y-o-y) analysis revealed that prompt payments have climbed slightly by 1.54 percentage points from 50.38 per cent in Q1 2013.

Meanwhile, slow payments have increased sharply q-o-q by 5.04 percentage points from 32.84 per cent in Q4 2013 to 37.88 per cent in Q1 2014. As with prompt payments, payment delays have dipped moderately by 5.62 percentage points from 43.5 per cent to 37.88 per cent on a y-o-y basis. This also represents the second lowest proportion of slow payments made in 3 years.

Partial payments have also risen marginally by 0.77 percentage points from 9.43 per cent in Q4 2013 to 10.2 per cent in Q1 2014. According to SCCB, partial payments have been on a steady rise, reversing a downward trend a year ago in Q1 2013 when partial payments registered a mere 6.12 per cent.

**Singapore Payment Performance**





From a sectoral perspective, slow payments have taken a turn for the worse as the increase was experienced across 4 of five industries in Q1 2014. This stands in sharp contrast to the preceding quarter when only 1 of five industries experienced an increase in slow payments. However, as with Q4 2013, payment delays were only experienced in 1 of five industries on a y-o-y basis. According to SCCB, the last recorded poor payment performance was observed in Q2 2013 when all five industries experienced an increase in payment delays.

Ranking atop the list with the highest proportion of slow payments, the construction sector has taken over the retail sector as the worst paymaster in Q1 2014. According to SCCB, payment delays in the construction sector rose by 5.65 percentage points from 42.01 per cent in Q4 2013 to 47.66 per cent in the preceding quarter. This was attributed to an increase in proportion of payment delays from the heavy construction cluster. On a y-o-y basis, the construction sector is also the only sector which experienced an increase in slow payments, by 4.98 percentage points in Q1 2014. The poorer showing is largely due to weakness in private sector construction activities.

Descending to the second place, the retail sector has the second largest proportion of slow payments, registering 46.42 percentage points last quarter. According to SCCB, the retail sector is the only sector experiencing a decrease in payment delays, falling by 5.25 percentage points q-o-q. Despite being the highest contributor of payment delays within the sector, food and beverage retailers accounted for the steepest decline in slow payments, falling by 18.93 percentage points from 72.64 per cent in Q4 2013 to 53.71 per cent in Q1 2014. This was largely due to higher sales receipts by retailers of food and beverages last quarter. Retailers of building material and garden supplies experienced the second largest amount of slow payments, registering 43.98 per cent. On a y-o-y basis, overall slow payments within the sector declined by 5.55 percentage points.

Owing to a mixed performance in the manufacturing sector, payment delays within the sector have increased by 6.08 percentage points from 34.66 per cent in Q4 2013 to 40.74 per cent in Q1 2014. According to SCCB, printing and publishing, primary metals and tobacco manufacturers were the largest contributors for the payment delays, registering 48.33 per cent, 45.31 per cent and 44.44 per cent respectively. The largest increase in payment delays were also experienced by the tobacco, textiles, printing and publishing sub-sectors at 18.63 percentage points, 10.79 percentage points and 9.95 percentage points respectively. However, on a y-o-y basis, payment delays within the manufacturing sector decreased by 4.27 percentage points. According to MTI, the outlook for the manufacturing sector remains bright and is likely to provide support to local economic growth as the global economy gradually improves.

Meanwhile, slow payments within the services sector increased by 6.02 percentage points q-o-q from 34.04 per cent in Q4 2013 to 40.06 per cent in Q1 2014. On a y-o-y basis, payment delays fell by 3 percentage points from 43.06 per cent in Q1 last year. According to SCCB, health services, education services, hotels and accommodation accounted for the largest proportion of payment delays at 52.95 per cent, 48.51 per cent and 44.31 per cent respectively. Owing to a slowdown in sentiment-sensitive financial and insurance clusters, slow payments within the banking, security and commodity brokers as well as insurance services sub-sectors have increased, registering 26.78 per cent, 21.83 per cent and 24.44 per cent respectively. SCCB notes that despite accounting for the largest portion of payment delays, credit agencies have experienced a decline in slow payments by 3.09 percentage points, registering 45.78 per cent in Q1 2014. Payment delays in the real estate segment increased marginally by 1.95 percentage points to 27.86 per cent.

Weighed down by weaker expansion on both domestic and local fronts, the wholesale trade segment experienced the largest increase in payment delays by 6.15 percentage points q-o-q, registering 30.11 per cent last quarter. The weaker showing comes after an all-time low of 23.96 per cent of slow payments recorded in Q4 2013 within the sector. According to SCCB, payment delays for wholesale trade of durable goods have increased markedly by 6.48 percentage points to 30.43 per cent. Slow payments of non-durable goods have also increased by 4.95 percentage points to 28.97 per cent. On a y-o-y basis, slow payments have declined by 10.05 percentage points from 40.16 per cent.

Commenting on the weaker payment performance of local firms, Ms. Audrey Chia, D&B Singapore's Chief Executive Officer said, "The slight decline in payment performance was likely due to the vagaries of the trade cycle as local firms are still very much exposed to external headwinds and downside risks. A similar trend was also observed during the same quarter last year when a majority of the economic sectors under study experienced slight to moderate decline in payment performance. Hence, the weaker performance could be cyclical and should not be an indication of a downward trend carrying over into the next quarter."

"While economic growth has been relatively tepid, overall payment performance of local firms has remained healthy. Over the past four years, prompt payments have been on a general uptrend, possibly a reflection of greater corporate emphasis on practices to improve credit control and cashflow management." said Ms. Chia.

#### **Commentary**

D&B Singapore compiles the figures by monitoring more than 1.5 million payment transactions of firms operating through its Singapore Commercial Credit Bureau (SCCB). Payment data is contributed to the Bureau by local firms. Prompt payment is classified as when at least 90% of total bills are paid within the agreed payment terms while slow payment is classified as when more than 50% of total bills are paid later than the agreed credit terms.

#### **About Singapore Commercial Credit Bureau**

Established in 2005, Singapore Commercial Credit Bureau (SCCB) operates a database of local enterprises and their credit history to provide clients with the insight needed to build trust and improve the quality of business relationships with their customers, suppliers and business partners. SCCB operates under D&B Singapore.

#### **About D&B**

D&B is the world's leading provider of business-to-business credit, marketing and purchasing information and receivables management services. D&B manages the world's most valuable commercial database with information on more than 225 million companies. D&B has a database of 100 million tradelines on a global basis and 26 million within the Asia Pacific region.

Information is gathered in over 220 countries, in 95 languages or dialects, covering 186 monetary currencies. The database is refreshed more than one million times daily as part of D&B's commitment to provide accurate, comprehensive information for its customers around the world.

For more information, please visit [www.dnb.com.sg](http://www.dnb.com.sg).

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